

**PROCEEDING BEFORE THE HONORABLE ANDREW PAULEY
ACTING INSURANCE COMMISSIONER OF THE
STATE OF WEST VIRGINIA**

**IN RE:
AMERISURE MUTUAL INSURANCE COMPANY
ADMINISTRATIVE PROCEEDING**

16-MC-THP-02000

**AGREED ORDER ADOPTING REPORT OF
MARKET CONDUCT EXAMINATION, DIRECTING
CORRECTIVE ACTION AND ASSESSING PENALTY**

NOW COMES, The Honorable Andrew Pauley, Acting Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the Report of Market Conduct Examination for the targeted examination of Amerisure Mutual Insurance Company hereinafter referred to as “Amerisure” for the examination period ending September 30, 2016 based upon the following findings, to wit:

PARTIES AND PURPOSE OF EXAMINATION

1. The Honorable Andrew Pauley, is the Acting Insurance Commissioner of the State of West Virginia (hereinafter the “Insurance Commissioner”) and is charged with the duty of administering and enforcing, among other duties, the provisions of Chapter 33 of the West Virginia Code of 1931, as amended.
2. Amerisure is a foreign insurer, licensed to do business in West Virginia, and incorporated in Michigan.
3. This Targeted Market Conduct Examination was instituted as a result of the Final Order entered in Administrative Proceeding 16-AP-THP-02023. The Administrative Order concluded that Amerisure committed a single violation of W. Va.

Code § 33-11-4(9)(b), W. Va. Code R § 114-14-5.1, W. Va. Code R. § 114-14-5.3, W. Va. Code § 33-11-4(9)(c), W. Va. Code R. § 114-14-6.1 and W. Va. Code R. § 114-14-6.7.

4. The primary purpose of this targeted examination was to determine Amerisure's compliance with West Virginia Insurance laws relating to treatment of third party claimants. Examination information contained in the Market Conduct Report should serve only these purposes. The conclusions and findings of the Market Conduct Examination are public record.

FINDINGS OF FACT

1. The Targeted Market Conduct Examination reviewed and tested; complaint handling, claims practices and Company operations and management. The examination covered the period of operations from January 1, 2012 through September 30, 2016. The examination was conducted in accordance with West Virginia Code Section 33-2-9(c) by examiners duly appointed by the West Virginia Offices of the Insurance Commissioner.

2. A total of thirteen (13) standards were reviewed during this examination. The Company was compliant or predominately compliant in nine (9), and non-compliant in three (3) and one (1) standard was not applicable.

3. The result of the Targeted Market Conduct Examination did reveal instances of non-compliance with West Virginia Code R §§ 114-14-6.7 and 114-14-5.3 cited in Administrative Proceeding 16-AP-THP-02023.

4. In addition, the exam found the following instances regarding non-compliance with state statutes or rules which were not included in the third party administrative proceeding: One (1) claim violated W. Va. Code R § 114-14-6.3 and W. Va. Code R §

114-14-6.4. Two (2) claims violated W. Va. Code R. § 114-14-6.12.

5. The examiner filed with the Insurance Commissioner, pursuant to West Virginia Code Section 33-2-9(j)(2), a Report of Market Conduct Examination.

6. A true copy of the Report of Market Conduct Examination was sent to Amerisure. Amerisure was notified that, pursuant to West Virginia Code Section 33-2-9(j)(2), it had thirty (30) days after receipt of the Report of Market Conduct Examination to file a submission or objection with the Insurance Commissioner.

7. Amerisure has developed a delay letter template and implemented procedures to ensure that delay letters are sent as required by W. Va. Code R. § 114-14-6.7.

8. Amerisure claims managers have been informed of the recommendations made by the West Virginia Market Conduct Examination Report and current procedures are being reviewed to ensure compliance with West Virginia statutes and regulations.

9. Amerisure waives notice of administrative hearing, any and all rights to an administrative hearing, and to judicial review of this matter.

10. Any Finding of Fact that is more properly a Conclusion of Law is hereby adopted as such and incorporated in the next section.

CONCLUSIONS OF LAW

1. The Insurance Commissioner has jurisdiction over the subject matter and the parties to this proceeding.

2. This proceeding is pursuant to and in accordance with West Virginia Code § 33-2-9, and § 33-11-4a.

3. The Insurance Commissioner is charged with the responsibility of verifying

continued compliance with West Virginia Code and the West Virginia Code of State Rules by Amerisure as well as all other provisions of regulation that Amerisure is subjected to by virtue of its Certificate of Authority to operate in the State of West Virginia.

4. The violations were not the result of any intentional or egregious conduct by Amerisure.

5. Amerisure has incurred violations of W. Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.3, as well as W. Va. Code R. §§ 114-14-6.3, 114-14-6.4 and 114-14-6.12 and 114-14-6.7.

6. W. Va. Code R. § 114-14-5.3 is a violation that was part of the findings in administrative proceeding 16-AP-THP-02023. The market conduct examination determined that this violation did not occur with such frequency to constitute a general business practice.

7. W. Va. Code R. § 114-14-6.7 is a violation that was part of the findings in administrative proceeding 16-AP-THP-02023. The market conduct examination determined that this violation did occur with such frequency to constitute a finding of a general business practice.

8. Any Conclusion of Law that is more properly a Finding of Fact is hereby incorporated as such.

ORDER

Pursuant to West Virginia Code Section 33-2-9(j)(3)(A), following the review of the Report of Market Conduct Examination, the examination work papers, and Amerisure's response thereto, the Insurance Commissioner and Amerisure have agreed to enter into this Agreed Order adopting the Report of Market Conduct Examination. The

Parties have further agreed to the imposition of an administrative penalty against Amerisure as set forth below.

It is accordingly **AGREED** and **ORDERED** as follows:

(A) The Report of Market Conduct Examination of Amerisure for the period ending September 20, 2016 is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner;

(B) It is **AGREED** and **ORDERED** that Amerisure will comply with the Statutes, Rules and regulations of the State of West Virginia concerning any claims so handled in this State and more specifically the provisions enumerated herein.

(C) It is further **AGREED** and **ORDERED** that within thirty (30) days of the next regularly scheduled meeting of its Board of Directors, Amerisure shall file with the West Virginia Insurance Commissioner, in accordance with West Virginia Code Section 33-2-9(j)(4), affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report of Market Conduct Examination and a copy of this **ORDER ADOPTING REPORT OF MARKET CONDUCT EXAMINATION AND DIRECTING CORRECTIVE ACTION**;

(D) It is further **AGREED** and **ORDERED** that Amerisure shall ensure compliance with the West Virginia Code and the Code of State Rules. Amerisure shall continue to monitor its compliance with W.Va. Code § 33-11-4(9)(b) , W. Va. Code R. §§ 114-14-5.3, 114-14-6.3, 114-14-6.4, 114-14-6.7 and 114-14-6.12.

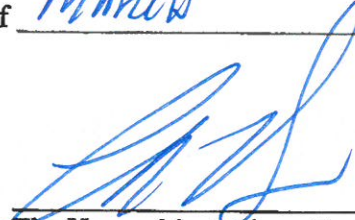
(E) It is further **AGREED** and **ORDERED** that **AMERISURE SHALL FILE** a Corrective Action Plan which will be subject to the approval of the Insurance Commissioner. The Corrective Action Plan shall detail Amerisure's changes to its procedures and/or internal policies to ensure compliance with the West Virginia Code and incorporate all

recommendations of the Insurance Commissioner's examiners and address all violations specifically cited in the Report of Market Conduct Examination. The Corrective Action Plan outlined in this Order must be submitted to the Insurance Commissioner for approval within thirty (30) days of the entry date of this Agreed Order. Amerisure shall implement reasonable changes to the Corrective Action Plan if requested by the Insurance Commissioner within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan. The Insurance Commissioner shall provide notice to Amerisure if the Corrective Action Plan is disapproved and the reasons for such disapproval within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan.

(F) It is **AGREED** and **ORDERED** that Amerisure shall pay an administrative penalty to the State of West Virginia in the amount of Five Thousand Dollars (\$5, 000.00) for non-compliance with the West Virginia Code and West Virginia Rules as described herein. The payment of this administrative penalty is in lieu of any other regulatory penalty or remedy and is due within thirty (30) days of the entry of this order.

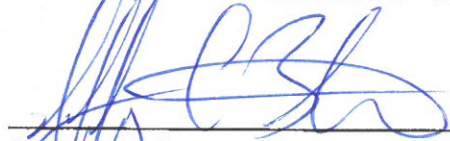
(G) It is **AGREED** and **ORDERED** that all such statutory notices, administrative hearings and appellate rights are herein waived concerning this Report of Market Conduct Examination and Agreed Order. All such rights are preserved by the Parties regarding implementation or further action taken on such Order by the Commissioner against Amerisure.

Entered this 27th day of March, 2017.


The Honorable Andrew Pauley
Acting Insurance Commissioner

REVIEWED AND AGREED TO BY:

On behalf of the INSURANCE COMMISSIONER:


Jeffrey C. Black, Associate Counsel
Attorney Supervisor – Compliance & Enforcement

Dated: 3/17/17

On Behalf of AMERISURE MUTUAL INSURANCE COMPANY

By: Laura J Pierman
Print Name

Its: Vice President - Claim Ops

Signature:  AB

Date: 3/16/17

Report of Market Conduct Examination

As of September 30, 2016



**Amerisure Mutual Insurance Company
26777 Halsted Road
Farmington Hills, MI 48331-3586**

**NAIC COMPANY CODE 23396
Examination Number 16-MC-THP-02023**

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March 7, 2017

Andrew Pauley
Acting Insurance Commissioner
West Virginia Offices of the Insurance Commissioner
900 Pennsylvania Avenue
Charleston, West Virginia 25302

Dear Acting Commissioner Pauley:

Pursuant to your instructions and in accordance with W. Va. Code §33-2-9, an examination has been made as of September 30, 2016 on

**Amerisure Mutual Insurance Company
26777 Halsted Road
Farmington Hills, MI 48331-3586**

Hereinafter referred to as the "Company." The following report of the findings of this examination is herewith respectfully submitted.

FOREWORD

This is a report by test of company compliance with selected Standards contained in the National Association of Insurance Commissioners' (NAIC) *2016 Market Regulation Handbook* ("Handbook") and Standards approved by the West Virginia Offices of the Insurance Commissioner ("WVOIC") which are based on applicable West Virginia statutes and administrative rules, as referenced herein. Testing is based on guidelines contained in the Handbook. All tests applied are included in this report.

"Company" as used herein refers to Amerisure Mutual Insurance Company. "WVOIC" as used herein refers to the West Virginia Offices of the Insurance Commissioner. "W.Va. Code St. R." as used herein refers to the West Virginia Code of State Rules. "W.Va. Code" as used herein refers to the West Virginia Code Annotated.

EXECUTIVE SUMMARY

The examination began January 12, 2017 and concluded on January 27, 2017. The examination was called as a result of the Final Order entered in Administrative Proceeding No. 16-THP-02023/16-AP-THP-02023. The Administrative Order concluded that the Company violated the following sections of the Unfair Claims Settlement Act by violating W.Va. Code §§33-11-4(9) (b) and W. Va. Code St. R. §§114-14-5.1 and 5.3 (failing to acknowledge or respond to an initial claim within fifteen working days), 114-14-6.1 (failing to investigate a claim in a timely manner), and 114-14-6.7 (failing to send of notice of necessary delay in investigation).

W. Va. Code §33-11-4a(e) & (f) imply that, upon any finding that a company committed an unfair claims settlement practice with respect to a third-party claimant, the Commissioner determines whether or not that the practice occurred with such frequency as to be construed as a general business practice of the Company. In this case, the Commissioner determined that the most efficient way to make this determination was through a targeted Market Conduct Examination. The examination primarily focused on third-party claims handling with particular attention to the Company's investigation of claims (Standard G2) and duty after investigation (Standard G4). Certain standards from the Company Operations and Management Section, and Complaint Handling Section of the *Market Regulation Handbook* were also included within this examination report.

A total of thirteen (13) standards were reviewed during this examination. The Company was compliant or predominately compliant in nine (9), and non-compliant in three (3) G2, G3 and G6, and one (1) standard was not applicable. As the Company only had a limited population of West Virginia Claims during the examination period, the entire population of claims not initiated through litigation were reviewed.

The targeted market examination revealed the following violations of the W. Va. Code or Regulations cited in Administrative Proceeding 16-THP-02023/16-AP-THP-02023:

- W. Va. Code St. R. §114-14-6.7 In three (3) claims, the Company failed to properly issue an initial notices of necessary delay. Each of the three claims also failed to send a required additional notices(s) of necessary delay letter(s),

therefore there were eleven (11) total incidents of not issuing notices of necessary delay. (Standard G2).

- W. Va. Code St. R. §114-14-5.3 One (1) violation involving a failure to respond to pertinent communication (Standard G4). Due only have one violation, this is not considered to be a business practice.

The targeted market examination revealed the following violations of the W. Va. Code or Regulations not cited in Administrative Proceeding:

- W. Va. Code St. R. §114-14-6.3 and 6.4. In one (1) paid claim the Company did not make a written offer after the conclusion of its investigation in violation of W. Va. Code St. R. §114-14-6.3. (No written offer was made, however the Company simply paid the claim.) In another paid claim the Company failed to offer a reasonable amount when supplemental damage was demanded in violation of W. Va. Code St. R. §114-14-6.4. The Company agreed and has since paid the supplemental damage in the amount of \$3621.78 (Standard G3).
- W. Va. Code St. R. §114-14-6.12 Two (2) paid claims files failed to notify the claimant that their rights may be affected by the statute of limitations. (Standard G6).

PURPOSE AND SCOPE OF EXAMINATION

Market conduct examiners with the WVOIC reviewed certain business practices of Amerisure Mutual Insurance Company. W. Va. Code §33-2-9 empowers the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC.

The purpose of this targeted examination was to determine the Company's compliance with West Virginia insurance laws relating to treatment of third party claimants. Examination information contained in this report should serve only this purpose. The conclusions and findings of this examination are public record.

The basic business areas that were reviewed and tested under this examination were:

- Company Operations and Management
- Complaint Handling
- Claims Practices

Each business area has standards that the examination measured. Some standards have specific statutory guidelines, others have specific company guidelines, and yet others have contractual guidelines. Since this was a targeted examination, the WVOIC examined only the standards pertinent to the targeted examination or the treatment of third-party claimants.

The focus of the examination was on the methods used by the Company to manage its operations for each of the business areas subject to this examination. This included an analysis

of how the Company communicates its instructions and intentions throughout its operations, how it measures and monitors the results of those communications, and how it reacts to and modifies its communications based on the result findings of the measurement and monitoring activities. The examination also determined whether this process is dynamic and results in enhanced compliance activities. Because of the predictive value of this form of analysis, focus was then made on those areas in which the process used by management does not appear to be achieving appropriate levels of statutory and regulatory compliance. Most areas were tested to verify the Company is in compliance with West Virginia statutes and rules. The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific Company practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its' designee.

HISTORY AND PROFILE

Amerisure Mutual Insurance Company was incorporated and began business as the Michigan Workmen's Compensation Mutual Insurance Company on September 12, 1912. On September 3, 1918 the company was reincorporated, under the name Michigan Mutual Liability Company, with authorization to engage in the general casualty business. On March 28, 1975 the corporate title became Michigan Mutual Insurance Company. The current name was adopted on June 20, 2000.

Amerisure Mutual Insurance Company is the lead insurance company of the Amerisure Companies. Under the same general management are three wholly-owned insurance affiliates: Amerisure Insurance Company; Amerisure Re (Bermuda) Ltd.; and Amerisure Partners Insurance Company.

Michigan-based Amerisure provides workers' compensation and other commercial products, targeted to medium-sized insureds within specialized industries such as manufacturing, contracting, and healthcare. The group is licensed in all 50 states, the District of Columbia and Puerto Rico; however, it principally operates in select geographic markets including Midwestern, Southwestern, and southern states.

METHODOLOGY

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners ("NAIC") and West Virginia's applicable statutes and regulations. The examiners conducted file reviews and interviews of company management. This report is a report by tests.

Tests designed to measure the level of compliance with West Virginia's statutes, rules and regulations were applied to the files. All tests are described and the results displayed in this report.

In the results tables a "pass" response indicates compliance and a "fail" response indicates a failure to comply. The results of each test applied to a sample are reported separately.

The examiners used the NAIC standards of 7% error ratio on claims tests (93% compliance rate) and 10% error ratio on all other tests (90% compliance rate) to determine whether or not an apparent pattern or practice of being compliant, predominantly compliant, or non-compliant existed for any given test. Except as otherwise noted, all tests were conducted via random sample taken from a given population.

A. *Company Operations & Management*

The evaluation of standards in this business area is based on a review of Company responses to information requests and questions, and based on interviews with Company personnel. This portion of the examination is designed to provide a view of what the Company is and how it operates and is not based on sampling techniques, but rather the Company's structure. This review is not intended to duplicate a financial examination review but is important in establishing an understanding of the examinee. Many troubled companies have become so because management has not been structured to adequately recognize and address the problems that can arise. Well-run companies generally have processes that are similar in structure. While these processes vary in detail and effectiveness from company-to-company, the absence of them or the ineffective application of them is often reflected in failure of the various standards tested throughout the examination. The processes usually include:

- A planning function where direction, policy, objectives, and goals are formulated;
- An execution or implementation of the planning function elements;
- A measurement function that considers the results of the planning and execution; and
- A reaction function that utilizes the results of measurement to take corrective action or to modify the process to develop more efficient and effective management of its operations.

Standard A7: Records are adequate, accessible, consistent and orderly and comply with state record retention. (NAIC Market Regulation Handbook Chapter 16, § A Standard 7)

Test Methodology:

- Are the records adequate and accessible?

Examiner Observations: Files are retained in accordance with state record retention requirements. Policy files contained all pertinent information for the examination.

Examiner Recommendations: None

Results: Compliant

Standard A9: The Company cooperates on a timely basis with examiners performing the examinations. (NAIC Market Regulation Handbook Chapter 16, § A Standard 9)

Test Methodology:

- Did the Company provide records in a timely basis?

Examiner Observations: The Company was cooperative and the examination proceeded in a cordial atmosphere. Data provided was responsive and timely.

Examiner Recommendations: None

Results: Compliant

B. Complaint Handling

Evaluations of the standards in this business area were based on Company responses to various information requests and the review of complaint files at the Company. The definition of a complaint is "any written communication primarily expressing a grievance." In this business area, "complaints" include "grievances." W.Va. Code §33-11-4(10) requires the Company to "...maintain a complete record of all the complaints which it has received since the date of its last examination." The statute also requires that, "This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint."

Standard B1: All complaints are recorded in the required format on the company complaint register. (NAIC Market Regulation Handbook Chapter 16, § B Standard 1)

Test Methodology:

- Is the Company recording all complaints from both the consumer and the Commissioner's Office?
- Is the Company recording all complaints in a regulated complaint register? [W. Va. Code §33-11-4(10)]

Examiner Observations: The Company was recording all written complaints from the consumer, as well as those from the WVOIC. The record contained the required fields: the classification of each complaint by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint.

Examiner Recommendations: None

Results: Compliant

Table B1 Results: Complaints Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Complaints	1	1	1	0	90	100

Standard B2: The Company has adequate complaint handling procedures in place and communicates such procedures to policyholders. (NAIC Market Regulation Handbook Chapter 16, § B Standard 2)

Test Methodology:

- Does the Company have complaint procedures in place, and are they sufficient to satisfactorily handle complaints?
- Does the Company have procedures in place to track responses to complaints? [W. Va. Code St. R. §114-14-5.2]

Examiner Observations: The Company had complaint procedures in place and all complaints were logged. The Company's practice is to begin processing complaints within twenty-four hours of receipt.

Examiner Recommendations: None

Results: Compliant

Standard B4: The time frame within which the company responds to complaints is in accordance with applicable statutes, rules, and regulations. (NAIC Market Regulation Handbook Chapter 16, § B Standard 4)

Test Methodology:

- Is the Company maintaining adequate documentation of complaints, as required by W. Va. Code §33-11-4(10)?
- Is the Company responding to complaints in a timely manner, as required by W. Va. Code §114-14-5.2?
- Has the Company advised the commissioner in writing (within 45 days after receiving a complaint) of the status of negotiations with the claimant unless the complaint has been resolved as per W. Va. Code §114-76-4.4?
-

Examiner Observations: The Company adequately documented complaints. The Company responded to complaints in a timely manner.

Examiner Recommendations: None

Results: Compliant

Table B4 Results: Complaints Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Complaints	1	1	1	0	90	100

G. Claims Practices

The evaluation of standards in this business area was based on Company responses to information items requested by the examiner and discussions with Company staff. Due to the limited number of claim files in the exam period, no file sampling was conducted.

This portion of the examination is designed to provide a view of how the Company treats claimants and whether that treatment is in compliance with applicable statutes and rules. Of the entire population seventeen (17) paid claims sample, one (1) file was marked non-applicable as the claim was initiated via law suit; in those cases court rules and time frames generally take precedence. The entire population of the closed without payment claims which consisted of ten (10) files were marked non-applicable. One claim file was not reviewed as the claim was initiated via law suit. The remaining nine (9) claim files involved instances in which a reserve was initially established but no claim or demand for payment was actually filed with the company.

Standard G1: The initial contact by the company with the claimant is within the required time frame. (NAIC Market Regulation Handbook Chapter 16, § G Standard 1)

Test Methodology:

- Was the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice per W.Va. Code §33-11-4(9) (b) and W. Va. Code St. R. §114-14-5.1?

Examiner Observations: The examiners found no exceptions.

Examiner Recommendations: None

Results: Compliant.

Table G1 Results: Claims Initial Contact Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	16	0	93	100
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A
TOTALS	27	27	11	16	0	93	100

Standard G2: Timely investigations are conducted. (NAIC Market Regulation Handbook Chapter 16, § G Standard 2)

Test Methodology:

- Did the investigation commence within fifteen (15) working days of any claim filed per W. Va. Code St. R. §114-14-6.2 a?
- Did the Company promptly conduct and diligently pursue a thorough, fair and objective investigation and not unreasonably delay resolution by persisting in seeking information not reasonably required for or material to the resolution of the claim dispute per W. Va. Code St. R. §114-14-6.1?
- Is the investigation continuing more than 30 calendar days? If so, was a notice of necessary delay sent within 15 working days after the 30 calendar days per W. Va. Code St. R. §114-14-6.7?
- If the investigation continued, were subsequent notices of necessary delay sent with 45 calendar days per W. Va. Code St. R. §114-14-6.7?

Examiner Observations: All claim investigations commenced within the required fifteen working days. No unreasonable delays were found by the Company seeking information not reasonably required for or material to the resolution of a claim dispute. In three (3) claims, the Company failed to properly issue an initial notice of necessary delay letter in violation of W. Va. Code St. R. §114-14-6.7. Each of the three claims also failed to send a required additional notices of necessary delay, therefore there were eleven (11) total incidents of not issuing notices of necessary delay. A claim file may have more than one instance, but can only fail the standard once. The remainder of the paid claims were concluded (paid) before any notices of necessary delay letters were due. Therefore the examiner could not ascertain if the Company ever sent any notices of necessary delay letters.

Examiner Recommendations: It is recommended that the Company issue notices of necessary delay in accordance with W. Va. Code St. R. §114-14-6.7.

Results: Non-compliant.

Table G2 Results: Claims Timely Investigation Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	13	3	93	81
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A
TOTALS	27	27	11	13	3	93	81

Standard G3: Claims are resolved in a timely manner. (NAIC Market Regulation Handbook Chapter 16, § G Standard 3)

Test Methodology:

- Did the Company deny the claim or make a written offer within ten (10) working days of completing its investigation per W. Va. Code St. R. §114-14-6.3?
- Did the Company offer claimants amounts which are fair and reasonable per W. Va. Code St. R. §114-14-6.4?

Examiner Observations: In one (1) paid claim the Company did not make a written offer after the conclusion of its investigation in violation of W. Va. Code St. R. §114-14-6.3. (No written offer was made, however the Company simply paid the claim.) In another paid claim the Company failed to offer a reasonable amount when supplemental damage was demanded in violation of W. Va. Code St. R. §114-14-6.4. The Company agreed and has since paid the supplemental damage in the amount of \$3621.78

Examiner Recommendations: It is recommended the Company comply with W. Va. Code St. R. §114-14-6.3 regarding duty after investigation. Section 6.3 states that within (10) working days of completing its investigation, the insurer shall make a written offer.

It is recommended that the Company offer a reasonable amount when supplemental damage is demanded per W. Va. Code St. R. §114-14-6.4.

Results: Non-Compliant.

Table G3 Results: Claims Resolution Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	14	2	93	88
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A
TOTALS	27	27	11	14	2	93	88

Standard G4: The Company responds to claim correspondence in a timely manner.
(NAIC Market Regulation Handbook Chapter 16, § G Standard 4)

Test Methodology:

- Did the Company reply to pertinent communications from a claimant which reasonably suggest that a response is needed per W. Va. Code St. R. §114-14-5.3 and W. Va. Code §33-11-4(9) (b)?

Examiner Observations: The examiners found one (1) paid claim where the Company failed to respond to the attorneys demand letter within fifteen working days.

Examiner Recommendations: It is recommended that the Company reply to pertinent communications from a claimant which reasonable suggest that a response is needed per W. Va. Code St. R. §114-14-5.3 and W. Va. Code §33-11-4(9) (b).

Results: Predominately compliant.

Table G4 Results: Claims Correspondence Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	15	1	93	94
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A
TOTALS	27	27	11	15	1	93	94

Standard G5: Claim files are adequately documented. (NAIC Market Regulation Handbook Chapter 16, § G Standard 5)

Test Methodology:

- Do the files contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed per W. Va. Code St. R. §114-14-3?
- Are the communications properly dated?

Examiner Observations: The examiners found no exceptions.

Examiner Recommendations: None

Results: Compliant.

Table G5 Results: Claims Documentation Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	16	0	93	100
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A
TOTALS	27	27	11	16	0	93	100

Standard G6: Claims are properly handled in accordance with policy provisions and applicable statutes, rules, and regulations. (NAIC Market Regulation Handbook Chapter 16, § G Standard 6)

Test Methodology:

- Does the claim handling meet West Virginia statutes and rules as applied to sales tax payment, correct payees, improper release of claims, and proper payment of non-disputed claims?

- Was coverage checked for proper application of deductible or appropriate exclusionary language?
- Were appropriate disclosures given when a claim nears the applicable statute of limitations per W. Va. Code St. R. §114-14-6.12?

Examiner Observations: Two (2) paid claims files failed to notify the claimant that their rights may be affected by the statute of limitations.

Examiner Recommendations: It is recommended that the company comply with W. Va. Code St. R. §114-14-6.12 by giving notice of the statute of limitations.

Results: Non-compliant.

Table G6 Results: Claims Correspondence Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	14	2	93	88

Standard G9: Denied and closed-without-payment claims are handled in accordance with policy provisions and state laws. (NAIC Market Regulation Handbook Chapter 16, § G Standard 9)

Test Methodology:

- Is the denial based upon specific policy provisions or exclusions?
- Is the claimant provided with a reasonable basis for the denial when required by statute or regulation per W. Va. Code St. R. §114-14-3?
- Is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation per W. Va. Code St. R. §114-14-6.12?
- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and web site address per W. Va. Code St. R. §114-14-6.17?

Examiner Observations: The entire population of the closed without payment claims which consisted of ten (10) files were marked non-applicable. One claim file was not reviewed as the claim was initiated via law suit. The remaining nine (9) claim files involved instances in which a reserve was initially established but no claim or demand for payment was actually filed with the company.

Examiner Recommendations: None

Results: Non-applicable

Table G9 Results: Claims Denied or Closed Without Payment Sample

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Claims closed w/o pmt (3 rd party)	10	10	10	N/A	N/A	93	N/A

Standard G10: Cancelled checks and drafts reflect appropriate claim handling practices. (NAIC Market Regulation Handbook Chapter 16, § G Standard 10)

Test Methodology:

- Do the checks include the correct payee and are they for the correct amount?
- That payment checks do not indicate the payment is “final” when such is not the case.
- That checks or drafts do not purport to release the insurer from total liability when such is not the case.

Examiner Observations: Checks were in the correct amount and included the correct payee. No exceptions were noted.

Examiner Recommendations: None

Results: Compliant.

Table G10 Results: Cancelled Checks

Type	Population	Sample	N/A	Pass	Fail	Standard	Compliance
Paid claims (3 rd party)	17	17	1	16	0	93	100

LIST OF RECOMMENDATIONS

Recommendation G2: It is recommended that the Company issue notices of necessary delay in accordance with W. Va. Code St. R. §114-14-6.7.

Recommendation G3: It is recommended make a written offer in accordance with W. Va. Code St. R. §114-14-6.3.

It is recommended that the Company offer a reasonable amount when supplemental damage is demanded per W. Va. Code St. R. §114-14-6.4.

Recommendation G4: It is recommended that the Company reply to pertinent communications from a claimant which reasonable suggest that a response is needed per W. Va. Code St. R. §114-14-5.3 and W. Va. Code §33-11-4(9) (b).

Recommendation G6: It is recommended the company comply with W. Va. Code St. R. §114-14-6.12 by giving notice of the statute of limitations.

EXAMINER'S SIGNATURE AND ACKNOWLEDGMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the course of the examination.

In addition to the undersigned, Letha Tate, MCM, also participated in the examination.

A handwritten signature in dark ink, appearing to read 'J Stike', is written above a horizontal line.

John Stike, CIE, CPCU, AMCM, CWCP, CIPA, APA, AU, AFI, PAHM
Examiner-in-Charge

EXAMINER'S AFFIDAVIT

State of West Virginia

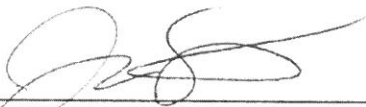
County of Kanawha

EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

I, John Stike, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of Amerisure Mutual Insurance Company.
2. I have reviewed the examination work papers and examination report, and the examination of Amerisure Mutual Insurance Company was performed in a manner consistent with the standards and procedures required by West Virginia.

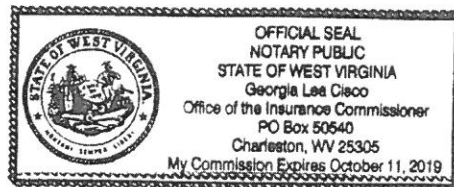
The affiant says nothing further.


John Stike, CIE, CPCU, AMCM, CWCP, CIPA, APA, AU, AFI, PAHM
Examiner-in-Charge

Subscribed and sworn before me by John Stike on this 7 day of MARCH, 2017

(SEAL)


Notary Public



My commission expires on 10-11-2019 (date).